

OPEN MEETING AGENDA ITEM

SacksTierney P.A.

ATTORNEYS

RECEIVED

2014 NOV -4 A 11:18

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Ellen K. Aiken
James W. Armstrong
Adrian L. Barton
Steven R. Beeghley
Stephen Aron Benson
Brian E. Ditsch
Judith M. Dworkin
Patty A. Ferguson
Roxann S. Gallagher
Steven M. Goldstein

By



0000157694

Robert G. Kimball
Michael C. Lamb
Stephen A. Lenn
Jeffrey S. Leonard
Shannon M. Mason
Matthew B. Meaker
David L. Rose
James S. Samuelson
Sharon B. Shively
Allyson J. Teply
David C. Tierney
Matthew F. Winter

Seymour Sacks (1932 - 2011)

Marvin S. Cohen (1931 - 2009)

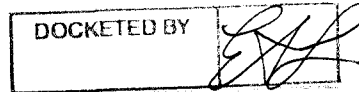
Gary E. Pace, CLM, Executive Director

November 4, 2014

Arizona Corporation Commission
DOCKETED

NOV 04 2014

VIA HAND DELIVERY



Writer's Direct Line: 480.425.2673
Writer's Direct Facsimile: 480.425.4973
Writer's E-mail: Roxann.Gallagher@SacksTierney.com

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

ORIGINAL

Re: Community Water Company of Green Valley
Docket No. W-02304A-14-0041

To Whom It May Concern:

Sacks Tierney P.A. represents Compass Bank, an Alabama banking corporation (the "**Bank**"), with respect to the loan proposed to be entered into between the Bank and the Community Water Company of Green Valley (the "**Company**"). While we believe that the contemplated loan structure complies with the Recommended Order, we wish to clarify certain mechanics of the loan to the Arizona Corporation Commission (the "**Commission**") and Utility Staff as certain facts have become known about the transaction and the dates have slightly moved. The first ordering paragraph of the Recommended Order (p. 11, lines 21-25) sets forth the parameters for approval by the Commission, as follows:

IT IS THEREFORE ORDERED that Community Water Company of Green Valley is hereby authorized to incur long-term financing, in the form of a 20 year amortizing loan and a 15 year maturity with any principal not paid due in 2029, in an amount of \$3.32 million, pursuant to a loan agreement with Compass Bank and Compass Mortgage Corporation, at a fixed interest rate not to exceed 8.0 percent per annum.

At the time that the application for approval was filed with the Commission, it was not yet determined whether the loan would be taxable or tax-exempt. We now know that the loan will be taxable. Therefore, the Bank, and not Compass Mortgage Corporation, will act as the lender. Additionally, the principal loan amount may be less than, but will not exceed, \$3.32 million, depending on the acquisition and construction costs of the new storage tank.

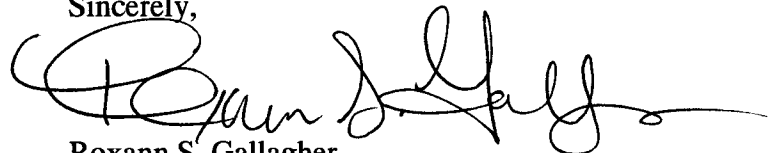
November 4, 2014

Page 2

Due to the uncertainty of construction costs and timing but recognizing the need to fix a long-term interest rate as provided in the Recommended Order, the Bank and the Company intend to enter into a forward delivery swap agreement (as described in the Bank's Summary of Terms and Conditions attached as Exhibit "2" to the Financing Application filed by the Company) on the closing date. Under the swap agreement, the Company will pay a fixed rate not to exceed 8.00% from the date that the swap rate takes effect (approximately 90 or 120 days from the closing date, the "**Swap Commencement Date**") to the maturity date of the loan. For the short period of time between the loan closing date and the Swap Commencement Date, the loan will bear interest at a floating rate not to exceed 8.00%.

Please contact me directly if you have additional questions regarding the proposed loan structure or mechanics. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Roxann S. Gallagher', with a long horizontal flourish extending to the right.

Roxann S. Gallagher
Sacks Tierney P.A.

Copy of ~~the~~ foregoing mailed or emailed
this 4th day of November 4, 2014 to:

Service List for Docket No.
W-02304A-14-0041